



Office of Health Policy and Program Support
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June 20, 2006

AGENDA ITEM 13 (REVISED)

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** State Annuitant Contribution Formula
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Government Code Section 22871 specifies the state employer contribution for health benefits shall be calculated based on a weighted average of the premiums of the four largest health benefit plans, measured by enrollments of state active and retired members in Basic plans. Staff calculates contribution rates for each premium tier (one-party, two-party, and family) based on the weighted average of those four health plans. For 2006, Blue Shield, Kaiser Permanente, PERSCare and PERS Choice are our four largest health plans.

Staff will present State Annuitant Contribution amounts to the Health Benefits Committee for eleven possible combinations of proposed health benefits' program changes, based on proposed 2007 premium rates. The combinations include: introduction of Select PPO; HMO co-payment changes; self-funded PPO co-payment changes and plan management initiatives; Blue Shield discontinuing its HMO plan in five Exclusive Provider Organization counties (Colusa, Lake, Mendocino, Plumas and Sierra); and, Blue Shield providing a benefit design alternative in eight Direct Contract counties (Butte, El Dorado, Glenn, Mariposa, Napa, San Luis Obispo, San Mateo, and Sonoma). If the Board approves introduction of Select PPO, there will be no impact to the State Annuitant Contribution formula for 2007.

V. STRATEGIC PLAN:

This item is not a specific product of the strategic plan, but is part of the regular workload of the Health Benefits Branch.

VI. RESULTS/COSTS:

There are no direct costs associated with this change for the CalPERS Health Benefits Program.

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Attachment